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SUBJECT: SYRIAN BANKING CONFERENCE HEAVY ON CHEERLEADING,
LIGHT ON SUBSTANCE

Classified By: Charge d'Affaires Michael H. Corbin for reasons 1.4b/d

¶1. (C) Summary. A recent Syrian banking and financial services conference served as a showcase of self-congratulation for the SARG,s economic reforms, asserting Syria is an engaged member of the global economy. Various conference speakers bashed United States policy towards Syria and speculated that U.S. policy towards the SARG might be imminently changing. Overall, the conference fell short of its billing as an open forum for debate, with almost no criticism of SARG economic shortcomings. End Summary.

¶2. (C) The 2nd Annual Syrian Banking and Financial Services Conference held November 3-5 was the first conference of its kind to receive the direct sponsorship of Syrian President Bashar Asad, a duty usually relegated to Prime Minister Otri. The conference, organized by the British-Syrian Society, attracted an estimated 700 domestic and foreign business and government leaders, and was entitled, &Integrating Syria into the Global Economy.8 President Asad spoke at the gala dinner, reiterating the conference theme that the SARG has achieved remarkable economic growth in the last few years and that he considers himself an agent of economic reform despite tensions with the international community. (Note: IMF estimates real GDP growth last year was 2.9%. End Note.)

¶3. (C) Deputy Prime Minister for Economic Affairs Abdullah Dardari gave a keynote address that painted an equally rosy picture of SARG efforts to modernize and "corporatize" the economy, underscoring, as did many of the speakers, that President Asad was the driving force behind these changes. Several contacts commented to us privately that the event was heavy on cheerleading and light on substance. Wissam Merhej, the resident representative for Deloitte and Touche, commented that while the event was billed as a dialogue between the public and private sector, little substantive give and take occurred. Illustrative of the point, the Chairman of Dubai-based Emmar Properties, Mohamed Ali Alabbar, whose company is pursuing a 500 million real estate project here, was effusive in his public praise of Syria as ripe for investment and the SARG as committed to reform. However, his Syrian lawyer privately told us that the project is a nightmare, and said that Alabbar likens his efforts to get things moving on the project in Syria to "a war."

¶4. (U) David Hale, an American citizen with Hale Advisers, figured prominently both days of the conference and asserted during the sessions that the United States was losing money through sanctions and that it would change its policy of

isolating Syria following the publication of the Baker Report in January 2007. Hale further predicted sanctions would be lifted from Syria within two years and that Syria would have a Free Trade Agreement with the United States in five years. Hale moderated the final session, &How U.S. Sanctions Affect Economic Growth,8 that was stocked with anti-U.S. speakers, including Dureid Dergham, Chairman of the Commercial Bank of Syria (CBS). Dergham said that the SARG had done all it could to avoid sanctions and that the United States was simply not open to dialogue, preferring to use intimidation tactics dangerous to the global community. Dergham outlined negative effects of the USG's imposition of Section 311 of the U.S. Patriot Act against the CBS, including causing a slowdown in development, especially CSB,s growth rate; forcing Syria to lose funds as it converts more of its reserves from dollars to euros; and encouraging the development of illegal businesses that subvert the sanctions.

15. (C) Comment: This conference is one of a number held by the SARG in the last few years that it has used as an opportunity to publicly praise its own modest and halting efforts to reform its economy. This event coincides with the SARG,s recent push to publicize its economic reform efforts (septel). The SARG continues to speak about reform, but it is unclear that vested interests are willing to do much more than just provide the talk that those in the international community want to hear. The event also touched on the theme of Syria,s engagement with the world, and it is no coincidence that this parallels recent re-engagement efforts from EU countries and dovetailed with speculation in Damascus that the United States may change its isolationist policies towards Syria.

CORBIN